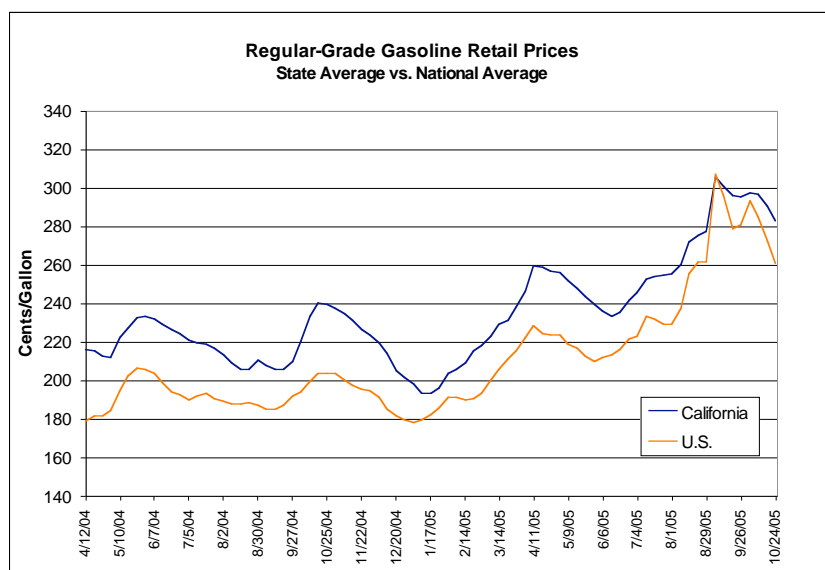
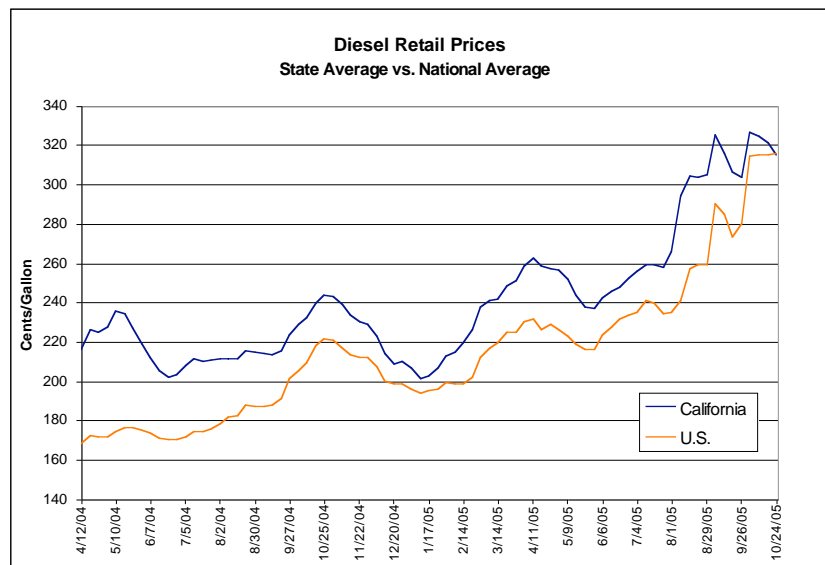


Retail Gasoline and Diesel Prices

- The average statewide retail price for regular gasoline dropped to \$2.83 per gallon as of October 24, down 7.5 cents from the previous week. However, the difference between U.S. and California retail prices continued to grow, increasing to over 22 cents per gallon from almost 18 cents last week, as refineries in the Gulf Coast region come back on line and imports to the East Coast remain high.¹



- Average California retail diesel prices also fell dropping almost 6 cents from the previous week to \$3.15 per gallon as of October 24. The difference between average U.S. and California retail diesel prices disappeared, with California diesel prices actually slightly lower than U.S. prices for the first time in at least 10 years.

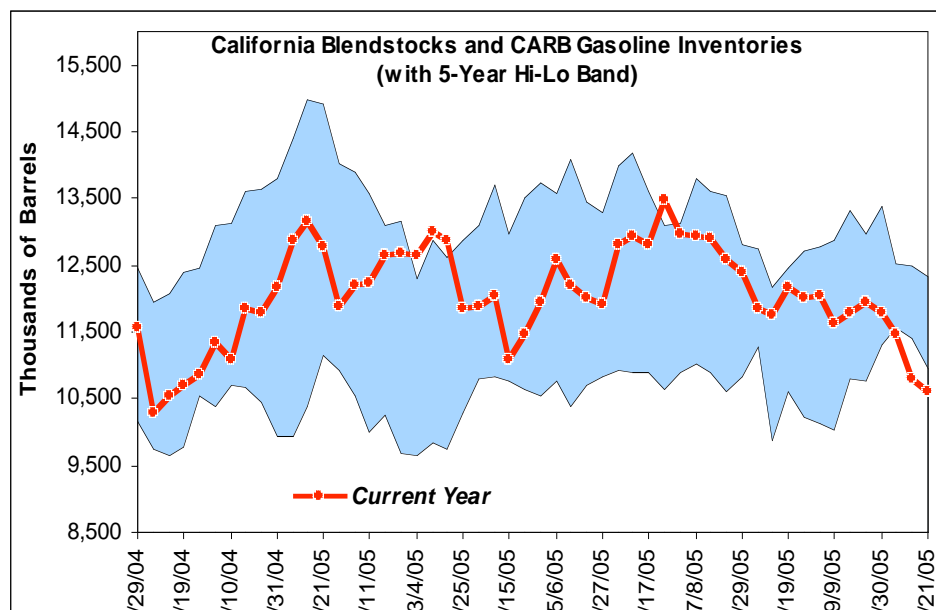
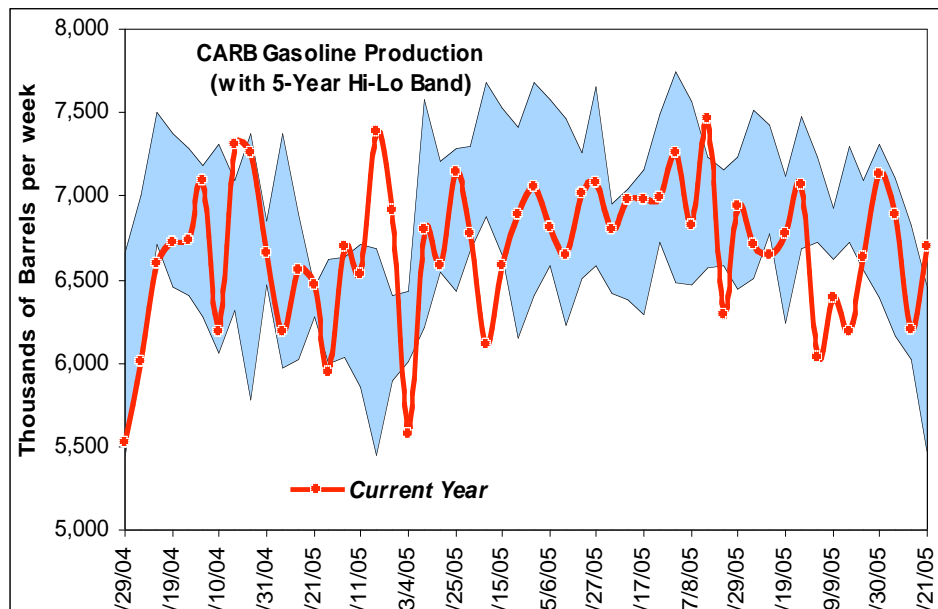


Wholesale Gasoline and Diesel Prices

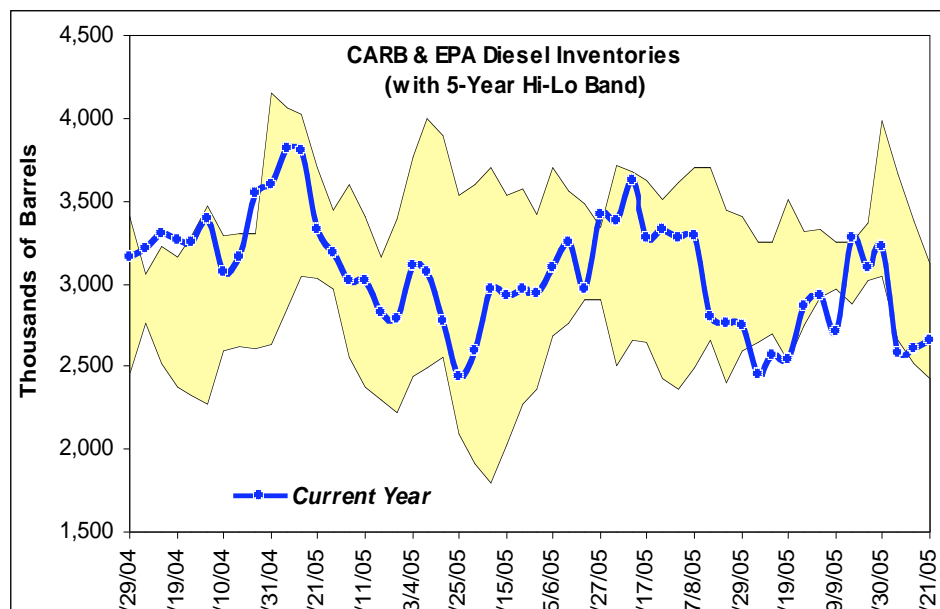
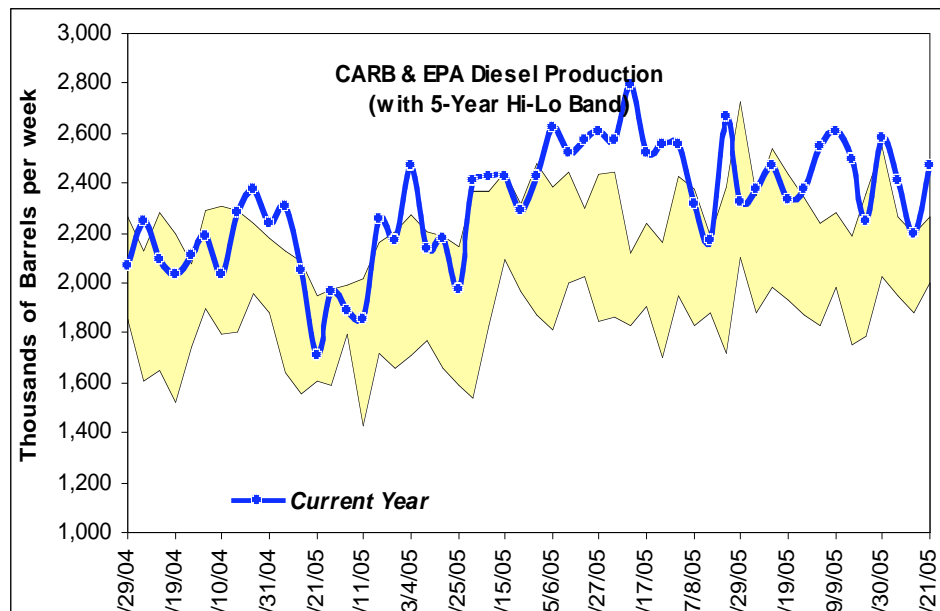
- California wholesale spot gasoline prices through October 24 continued the long slide that was interrupted only briefly by the threat of Hurricane Wilma. Prices in Los Angeles had fallen to \$1.73 per gallon by October 24, 67 cents below the post-Hurricane Rita high of \$2.40. On October 25, however, prices jumped 6 cents on cold weather and new refinery problems in the eastern U.S. California spot prices were about 16 cents more expensive than prices in the Gulf Coast as of October 25, a penny over the average of 2005 to date, but almost 4 cents less than the average regional difference prior to all the hurricanes.
- Wholesale diesel prices have also been generally declining since Hurricane Rita, although not as quickly as gasoline. Spot prices in Los Angeles fell to \$1.95 per gallon as of October 24, 43 cents below the post-Hurricane Rita high and the lowest levels since August, before increasing 4 cents the next day on weather and refinery concerns. Differences between California wholesale diesel prices and prices in the Gulf Coast and New York Harbor have also narrowed from the wildly fluctuating levels of previous weeks. Spot prices in Los Angeles on October 25 were 4 cents more than the Gulf Coast, compared to 45 cents less on October 17 and 16 cents more on October 20. Los Angeles prices were only a penny over New York Harbor on October 25, compared to 17 cents over on October 20.
- The latest EIA weekly assessment for October 21 shows U.S. gasoline demand at 8.98 million barrels per day, nearly unchanged from the previous week and 1 percent over last year. U.S. distillate demand jumped 10 percent from the previous week, but is almost 2 percent below a year ago.

Refinery Production and Inventories

- Of the 16 Gulf Coast refineries shut down at the approach of Hurricane Rita, only 1 remained closed on October 27. Added to the 3 refineries still shut down from Hurricane Katrina, total refining capacity off-line as of October 27 was about 991,000 barrels per day, or nearly 6 percent of total U.S. capacity.
- Reformulated gasoline production in California continued to fluctuate sharply, jumping 8 percent over the previous week to 6.7 million barrels during the week of October 21. These levels are 23 percent above last year, and lift production over the high end of the five-year range.²
- Although higher reformulated gasoline production raised reformulated gasoline inventories 8 percent over the previous week, combined stocks of reformulated gasoline and gasoline blendstocks remain well below the 5-year range, falling almost 2 percent from the previous week and down 14 percent from last year. Continued high gasoline imports into the East Coast kept U.S. gasoline inventories virtually unchanged from the previous week at 195.9 million barrels as of October 21.

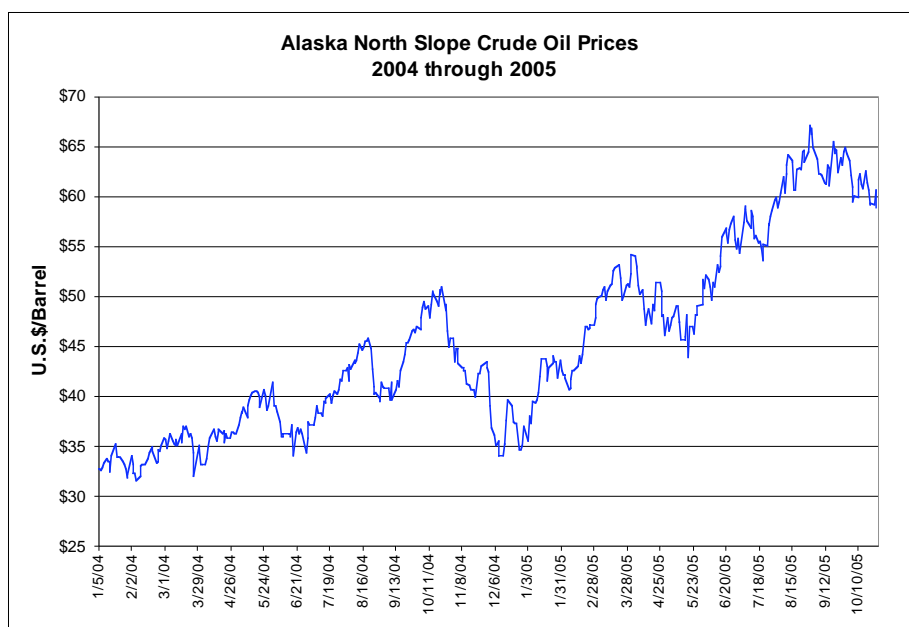


- California production of low sulfur diesel, including both California diesel and U.S. EPA diesel, jumped 13 percent during the week of October 21 compared to the week before. This keeps output levels well above the upper end of the five-year range and 9 percent over a year ago. This production growth pulled combined low-sulfur diesel inventories up almost 2 percent over the previous week, but stocks are still at the low end of the five-year range. At the same time, U.S. distillate inventories continue to fall, down 1.6 million barrels from the previous week to 121 million barrels as of October 21.



Crude Oil Prices and Inventories

- Prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, have bounced around the \$60 per barrel level for almost 3 weeks. As of October 26, ANS crude oil had drifted down to \$58.76 per barrel.³



- U.S. commercial crude oil inventories totaled 316.4 million barrels as of October 21, a second week of sharp stock increases. This is 4.4 million barrels over the previous week, 33 million barrels more than last year, and 25.8 million barrels over the 5-year average.
- World oil supplies have been strained due to U.S. hurricanes, low levels of excess oil production capacity worldwide, and almost three years of high worldwide petroleum demand growth. At the same time, supplies have been supported by the release of oil and petroleum products from the International Energy Agency member countries' strategic reserves, the virtual lifting of the Organization of Petroleum Exporting Countries production limits, high crude oil inventory levels, and signs of softening demand for gasoline.
- According to the Minerals Management Service, as of October 26 about 68 percent of U.S. Gulf of Mexico offshore oil production, or about 1.02 million barrels per day, remains shut down from Hurricanes Katrina, Rita, and Wilma. Nearly 70 million barrels of crude oil production have cumulatively been lost to these hurricanes over the last 2 months, almost 13 percent of annual Gulf of Mexico offshore production.

¹ Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy.

² California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

³ ANS crude oil prices are from the Wall Street Journal. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.